



The Real Estate ANALYST

NOVEMBER 27
1940

Roy Wenzlick
Editor

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies Surveys....Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

VOLUME IX

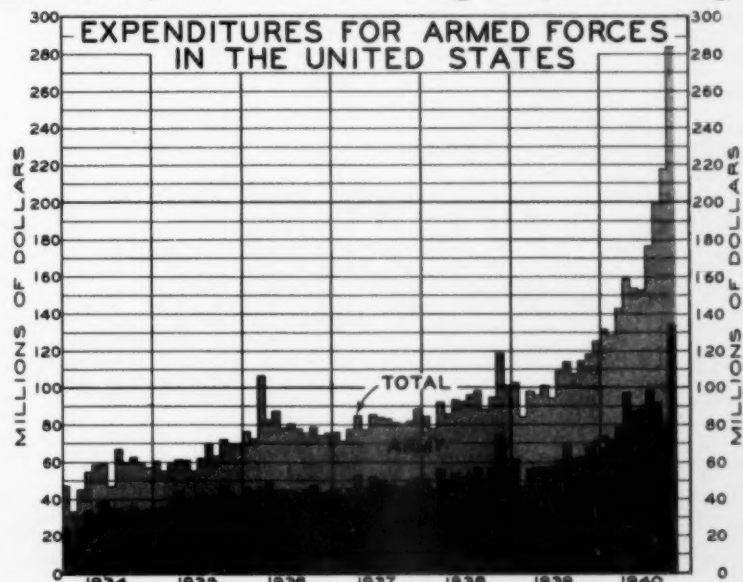
THE ARMAMENT BOOM GATHERS MOMENTUM

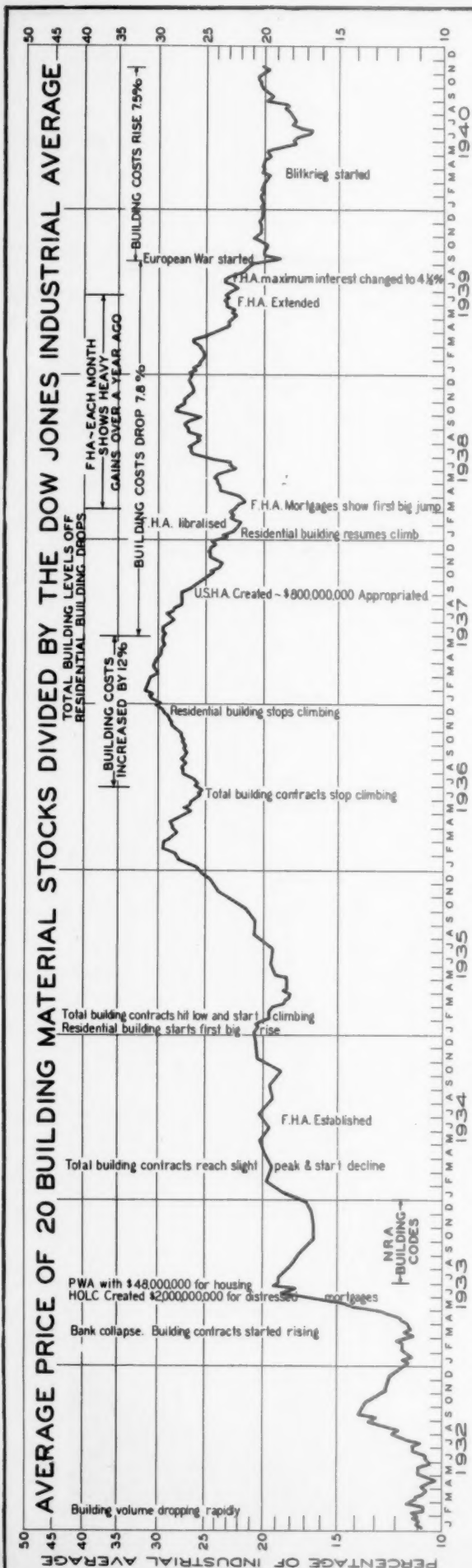
A glance at the chart at the bottom of the page shows the rapidity with which actual expenditures for the Army and Navy are increasing. The chart will not be nearly large enough to hold the November or December figures, and were it increased sufficiently in size to include them, it would be necessary to increase it again shortly after the beginning of next year.

The increasing expenditures for the Army and Navy are causing rapid increases in many lines of business not directly dependent on the armament business. In fact, in our opinion there is no line of business that will not eventually feel the effect of this rapid spending.

Industrial activity, however, cannot continue to increase at the rate of the last four months, as bottle-necks will develop which for a time will slow down the rise. We think this may occur shortly after the first of the year. Then gradually, as capacity increases, industrial activity will climb higher and higher. It seems that the upward trend will continue without serious interruption until some basic change in the war outlook occurs, or until our rearmament is complete. This may take from two to five years - with the probability, we believe, favoring the longer period. Clearly, if Germany wins, we shall speed up rather than stop our present rearmament program. War ending in stalemate in the near future is equivalent to a German victory in so far as our rearming is concerned. If England wins, it will be a long war, since England is in no position to win at the present time - which means not only our own rearming, but also the continued exporting of war materials.

When the armament program comes to an end, a severe readjustment will take place. This readjustment will probably come during the period in which our regular real estate cycle would indicate a major depression, in the late forties and the early fifties. It seems to us that this depression may be the most severe of any we have yet encountered.





HOW have the common stocks of building material manufacturers fared during the period from 1932 to the present? Would an investment in them have been better than an investment in good general industrials?

In The Real Estate Analyst of August 26, 1939, pages 178-185, we charted twenty separate building stocks from 1932 to the date of the report. Since in our opinion, the best way to measure the fluctuations of any particular stock over a period of time is to divide it by the Dow-Jones average of industrial stock prices, we did this for each of the issues each week. After studying the outlook at that time, we said, "We will be quite surprised if building material stock prices rise in comparison with the industrial average during the next few months." At the time that this report went to press, the average price of the twenty building material stocks stood at 23% of the Dow-Jones industrial average. By June of 1940 it had declined to

trial average. By June of 1940 it had declined to 17% - in accordance with our forecast. Since then it has climbed and stands today at 19½%.

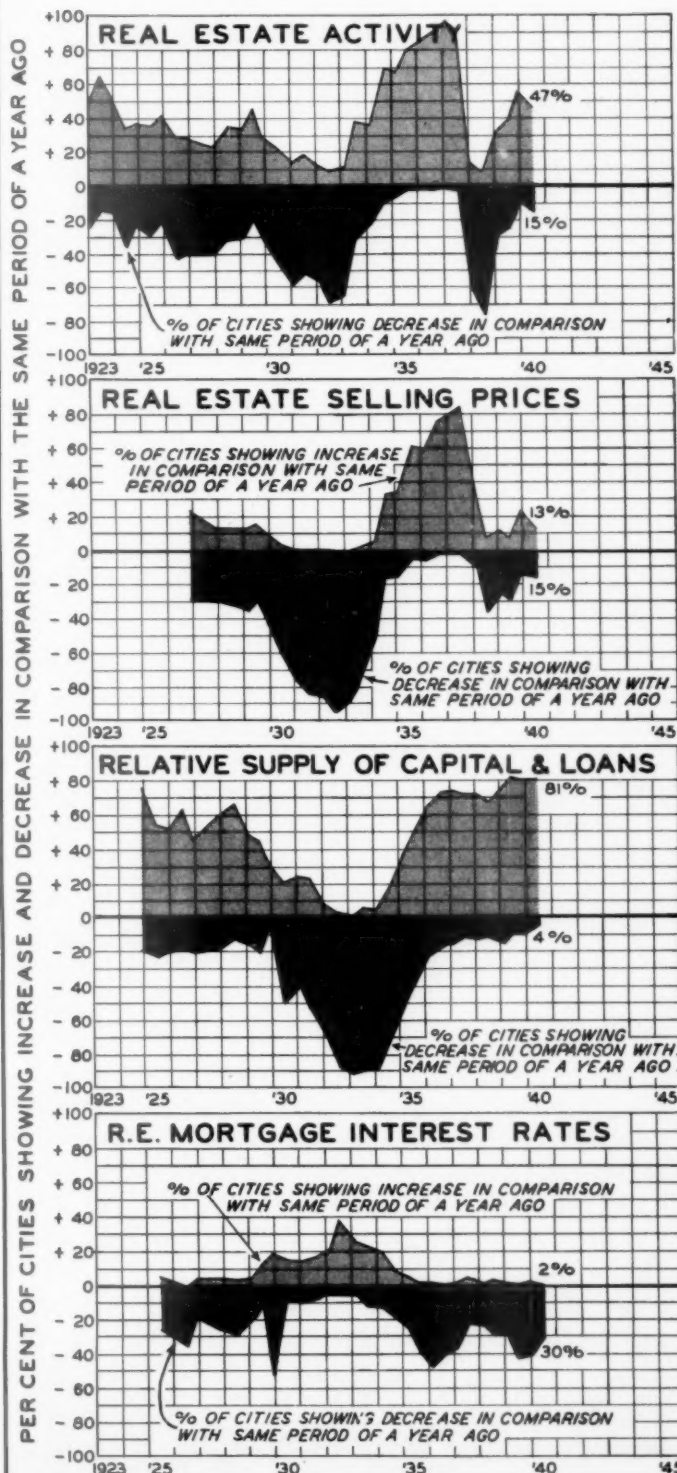
The average of these twenty stocks in relation to the Dow-Jones industrial average is shown by the chart below. This chart has been annotated to indicate some of the more important factors that have affected building volume during this period.

The stocks used in this study are:

American Rad. & Stand.	San Libbey-Owens-Ford Glass
The Celotex Corp.	Long-Bell Lumber Corp.
Certain-teed Products	Minn.-Honeywell Regulator
Crane Company	Otis Elevator Company
Devoe & Raynolds Company	Penna.-Dixie Cement Corp.
The Flintkote Company	Pittsburgh Plate Glass Co.
The Glidden Company	The Ruberoid Company
Holland Furnace Company	U. S. Gypsum Company
Johns-Manville Corp.	Walworth Company
Lehigh Portland Cement	Yale & Towne Manufacturing

PERCENTAGE OF CITIES REPORTING INCREASES OR DECREASES IN VARIOUS REAL ESTATE FACTORS

THE following fourteen charts show the results of semi-annual surveys made by the National Association of Real Estate Boards among its member boards located in more than two hundred cities scattered throughout the country. Member boards report their experience or opinion of the change in conditions over a like period of the preceding year, without giving an estimate of the amount of change. On our charts the percentage of all cities reporting improved conditions in comparison with a year ago are shown in black; the percentage of all cities reporting worse conditions are shown in red.

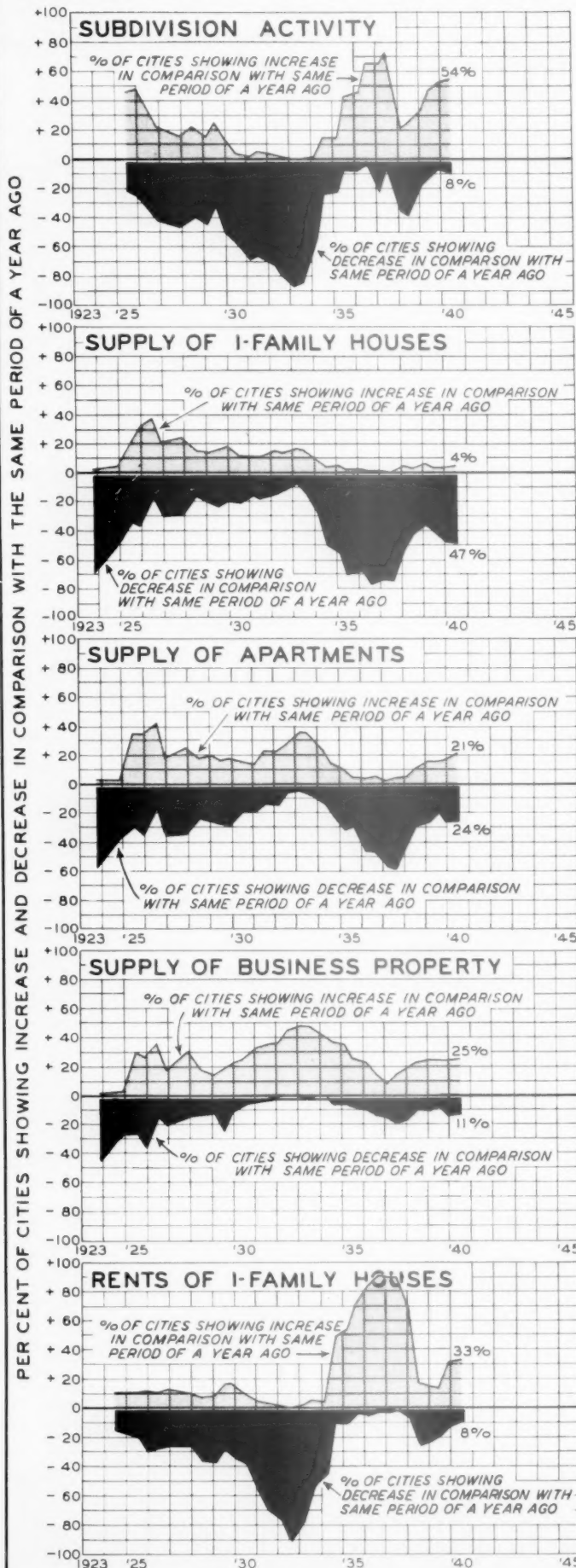


The first chart shows real estate activity. It will be noticed that in the early part of 1937 about 95% of all cities reported an improvement in comparison with the same period of the previous year, with none reporting less activity. Apparently about 5% reported no change, as that percentage is not accounted for by the addition of the plus and minus percentage. The sharp effect of the depression of 1937 and 1938 is quite striking on this chart. In 1938 only 9% of the cities showed an increase in activity, 75% showed a decrease. Apparently 16% showed no change $[100 - (75\% - 9\%) = 16\%]$.

It is quite interesting to compare this chart with the regular activity chart of Real Estate Analysts, Inc., shown on page 277 in this report. That chart is based on the measured reaction in the principal cities of the United States and is not affected one way or the other by the opinions of real estate board secretaries or real estate men. It shows that the peak of real estate activity was in 1925 and that the improvement from 1933-1937 was not so great as the other chart would lead us to believe. The real estate board surveys show the geographically wide-spread nature of changes rather than their intensity. We believe both concepts are valuable, as long as their basic difference is kept in mind.

The chart on real estate selling prices shows that by 1937 the recovery in selling prices had reached 85% of the cities, but that the succeeding year found further recovery confined to a small percentage of the cities,

PERCENTAGE OF CITIES REPORTING CHANGES IN REAL ESTATE FACTORS



with the large percentage of cities showing no change.

As shown by the third chart on the preceding page, lending capital is apparently quite plentiful at present, since more than 80% of the cities reported a sufficient amount and only 5% reported a shortage.

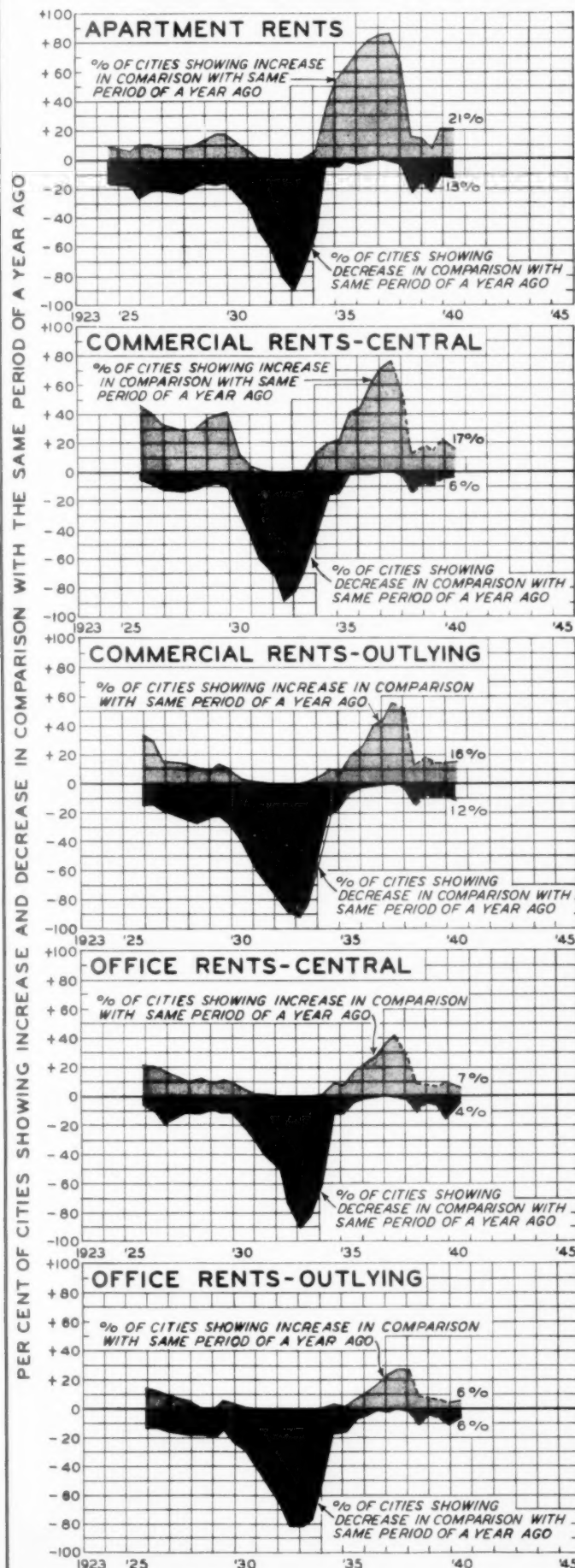
Interest rates have declined since 1933, when foreclosures were high and loans hard to secure. At the present time 30% of the cities report a decrease; 68%, no change; and only 2%, an increase, as is shown by the four charts on the preceding page.

Subdivision activity, shown on the top chart on this page, was declining in 40% of the cities in the late twenties and had practically stopped throughout the country by 1933. However, by 1935, 42% of the cities reported an increase in activity, while only 5% reported a decrease. The great set-back by the depression of 1937-1938 has been nearly recovered. At the present time 54% of the cities report an increase; 38%, no change; and only 8%, a decrease.

Changes in the supply of single dwellings, apartments and business properties are given on the three charts to the left. Without an actual count, such as a vacancy survey, any opinion or individual experience would be of little value in determining whether a city had an increase or a decrease in supply.

This is indicated in the case of single dwellings, when during the five year period from 1929 to 1933 inclusive the chart shows 65% to 75% of the cities reporting no change in supply, while the other 25% to 35% of the cities were divided nearly equally between an increase and a decrease in supply. The increase in surplus accommodations during this period was the cause of the large drop in rents

PERCENTAGE OF CITIES REPORTING CHANGES IN REAL ESTATE FACTORS



that was experienced in 90% of the cities throughout the country. At the present time only 4% of the cities report an increase in supply; 48% report a decrease and 48% no change.

The same criticism can be made of the chart showing changes in the supply of apartments (the third chart on the preceding page.) From 1927 to 1933, 50% or more of the cities reported no change in supply. At the present time 21% of the cities report an increase in surplus; 24%, a decrease; and 55%, no change.

At the present time 69% of the cities report no change in the supply of business properties; 25% report an increase and only 6% a decrease, as shown on the fourth chart on the preceding page.

The chart giving changes in single family dwelling rents shows 90% of the cities with declining rents in 1933; in 1937, 90% of the cities reported increasing rents. The sharp decline shown in 1937 and 1938 indicates that the increase stopped in 75% of the cities. In the April 1940 Real Estate Analyst, page 97, the national average of rents of single family dwellings remained at the 1937 level during 1938, 1939 and during the first part of 1940. At the present time a large majority of the cities report no change.

The same circumstances apply to apartment rents. The top chart on this page indicates that during 1938, 1939, and at the present time about 70% of the cities report no change in apartment rents.

On the four charts of commercial rents and office rents in both the central and outlying districts all types show declining rents, which started in 1929 and spread to 90% of the cities by 1933. The decline had almost entirely stopped by 1934, and

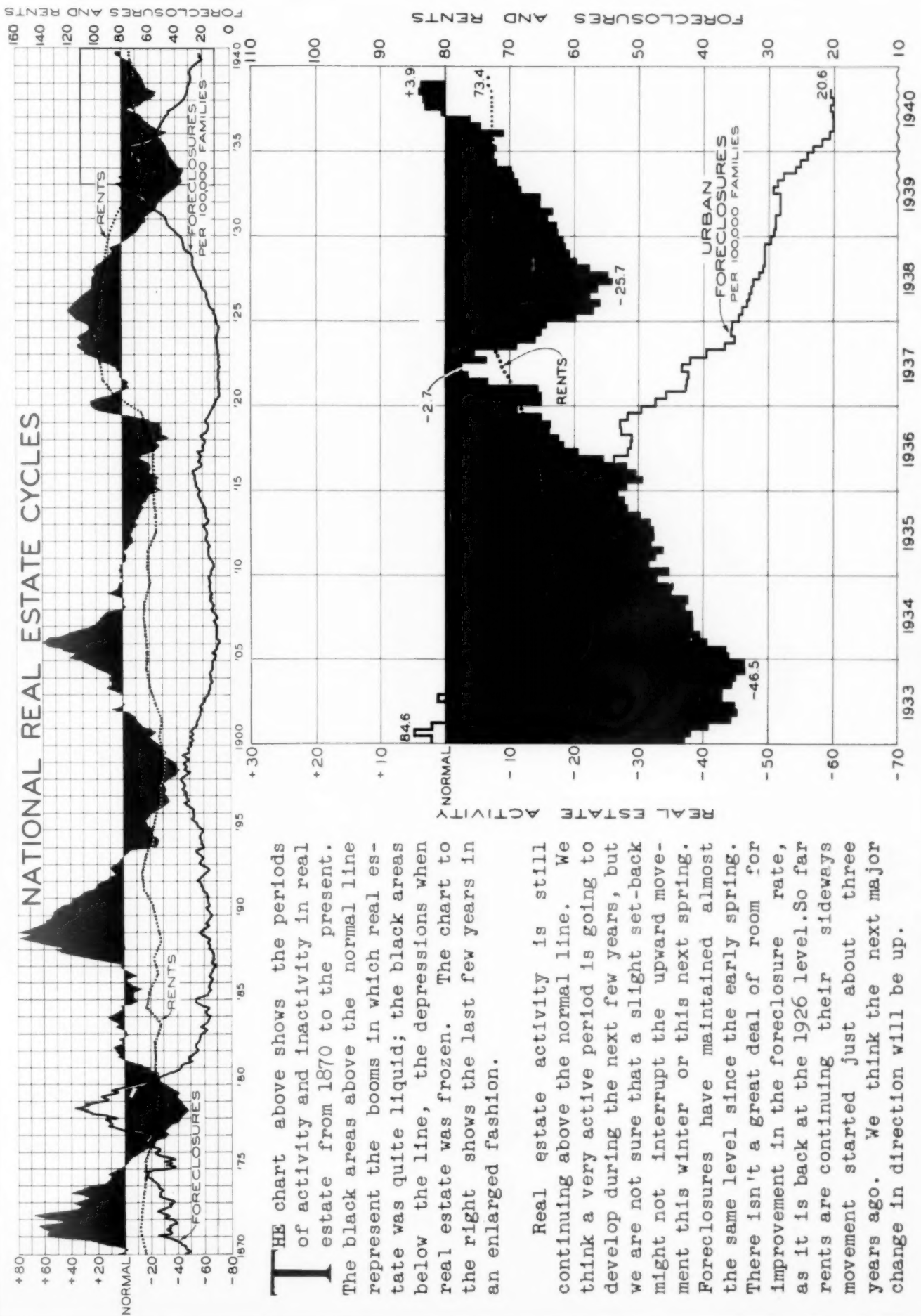
CONTINUED P 279

BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS

The chart on page 137 shows the variations in the costs of materials, labor and overhead for a six-room frame residence in St. Louis. Floor plans and a picture of the house are shown with the chart. Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the

Group A:																						
(1) Mason Materials: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining.	Labor.																					
(2) Tile Materials: 4 1/2 x 4 1/2 wall tile, ceramic floor tile, cap and base.	Labor.																					
(3) TOTAL OF GROUP A: Materials.	Labor.																					
Group B:																						
(4) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, trusses, etc.	Labor.																					
(5) Finished Lumber: Sub-flooring, sheathing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters etc.	Labor.																					
(6) Mill Work: Windows, doors, trim, kitchen cabinet, stairs, ban doors, glass hardware.																						
(16) Paint Materials: White lead, linseed oil, turpentine.	Labor.																					
(15) Misc.: Metal & wood lath, corner bead, insulation.	Labor.																					
(17) TOTAL OF GROUP D: Materials.	Labor.																					
(16) TOTAL COSTS: Materials.	Labor.																					
Group E:																						
(18) Overhead and profit of subcontractors in plastering, heating, plumbing, metal work, electrical work and tile work.																						
(19) General contractor's profit.																						
(20) Missouri sales tax (now 2% on materials), old age and unemployment tax (federal and state), liability and employee compensation insurance, fire and tornado insurance, completion bond.																						
(21) TOTAL OF GROUP E.																						
(22) TOTAL CONSTRUCTION COST.																						
(7) TOTAL OF GROUP B: Materials.	Labor.																					
Group C:																						
(8) Heating: Boiler, insulating jackets, fittings, tools, pipes, connections, valves and radiation.	Labor.																					
(9) Plumbing: Soil Pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures: hot water heater and tank to be furnished by others.	Labor.																					
(10) TOTAL OF GROUP C: Materials.	Labor.																					
Group D:																						
(11) Sheet Metal: Copper gutters, downspouts, flashing.	Labor.																					
(12) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer etc. No fixtures included.	Labor.																					
(13) Nails and Hardware: Common cut wire nails, bolts, hanger,																						

NATIONAL REAL ESTATE CYCLES

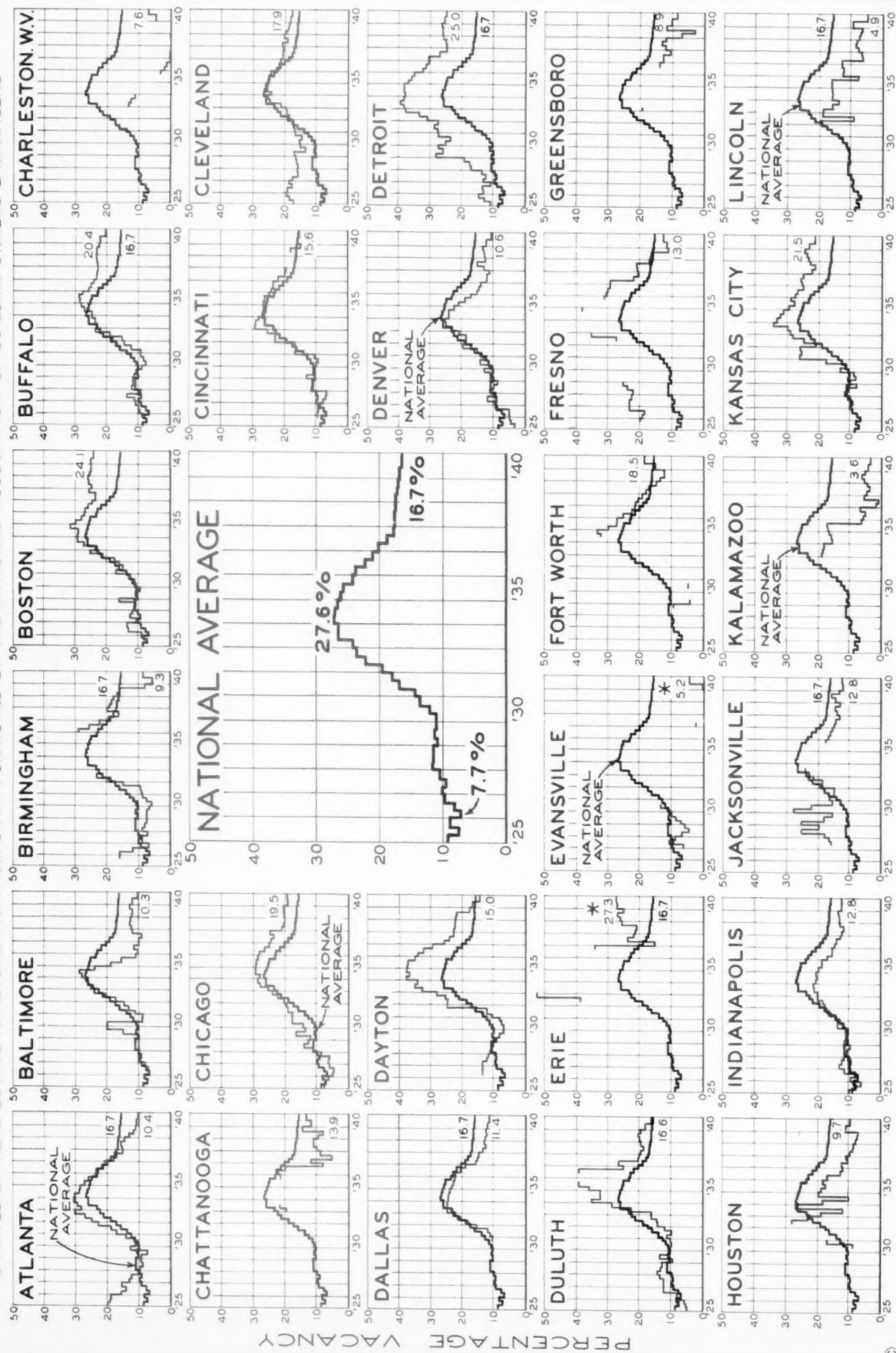


THE chart above shows the periods of activity and inactivity in real estate from 1870 to the present. The black areas above the normal line represent the booms in which real estate was quite liquid; the black areas below the line, the depressions when real estate was frozen. The chart to the right shows the last few years in an enlarged fashion.

Real estate activity is still continuing above the normal line. We think a very active period is going to develop during the next few years, but we are not sure that a slight set-back might not interrupt the upward movement this winter or this next spring. Foreclosures have maintained almost the same level since the early spring. There isn't a great deal of room for improvement in the foreclosure rate, as it is back at the 1926 level. So far rents are continuing their sideways movement started just about three years ago. We think the next major change in direction will be up.

OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

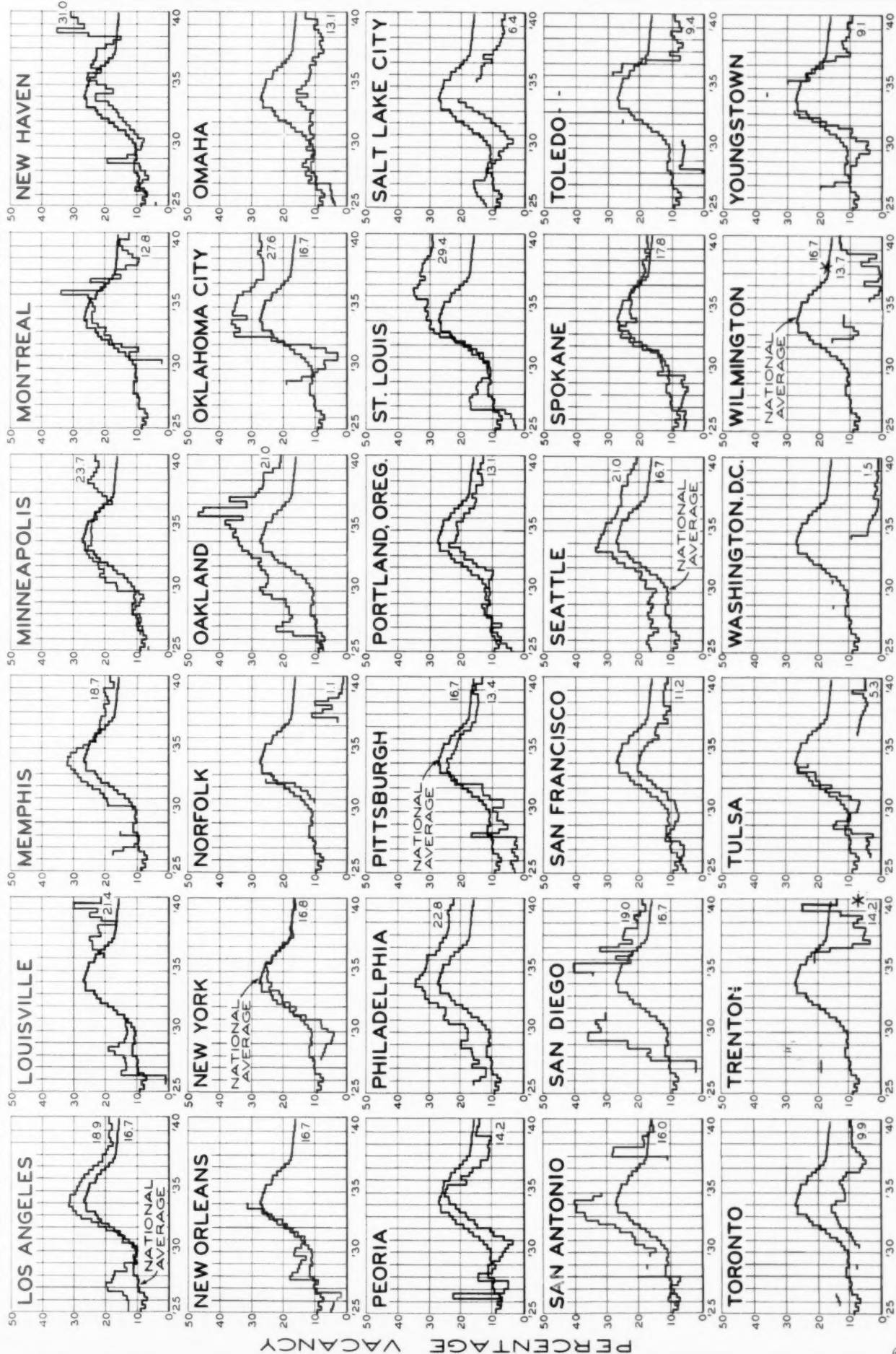
CHARTED BY REAL ESTATE ANALYSTS, INC. FROM DATA FURNISHED BY THE NATIONAL ASSOCIATION OF BUILDING OWNERS & MANAGERS



*SAMPLE CONSISTS OF LESS THAN 3 BUILDINGS

OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

CHARTED BY REAL ESTATE ANALYSTS, INC. FROM DATA FURNISHED BY THE NATIONAL ASSOCIATION OF BUILDING OWNERS & MANAGERS



* SAMPLE CONSISTS OF LESS THAN 3 BUILDINGS

POPULATION & VACANCY IN METROPOLITAN AREAS

IN the pages which follow we have tabulated from the 1940 federal census the population, the total number of dwelling units and the vacancy percentages for the principal cities of the United States and for those suburbs on which figures are now available.

It should be remembered that the census was as of April 1. The enumerators were instructed to include as vacant all vacant units that were for sale or rent or "which would be made available and placed on the market for sale or for rent if there were a demand." In resort areas they were also to include houses that were not on the market for sale or rent at that time. Property held for occupancy of an absent household was also to be included. Since on April 1 most resort property was vacant, resort areas on the following tables will show a high percentage of vacancy.

Vacant dwellings, according to this definition, amounted to 2,438,790, or 6.6%, in the entire United States. Many of these vacancies, however, were in rural areas. In the 357 American cities of over 25,000 population the average vacancy was 4.8%.

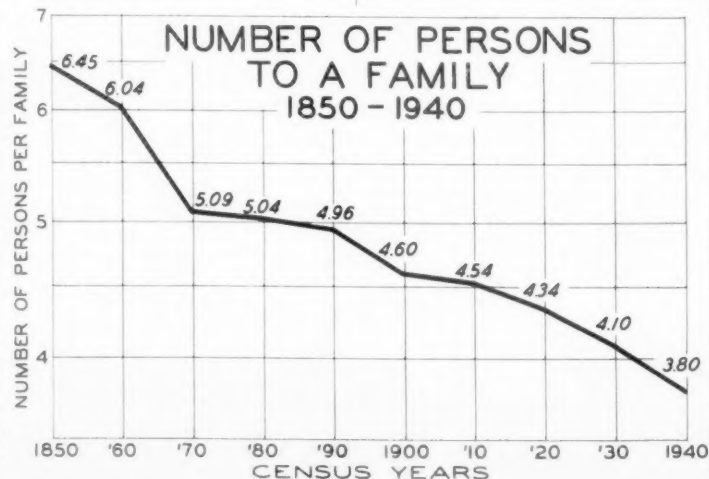
It is quite interesting to note that the states which lost population between 1930 and 1940 did not have high vacancy ratios, with the exception of Vermont, where the state figure was 13.1%.

We think that the small chart below may carry part of the explanation of a failure of vacancy to climb in those states that lost population. This chart shows the number of persons to a family or to a "household" since 1850. It will be noticed that the average household has declined in size from 6.45 persons in 1850 to 3.8 persons in 1940. These figures mean that in 1850, 1000 persons constituted 155 families, but that in 1940 they constituted 263 families. In other words, in 1940 it took 108 more housing units to house a thousand persons than it did in 1850. This is an increase of 70%.

The states containing large resort areas showed the highest vacancy ratios - both on the Atlantic seaboard (with 10.0% in New Jersey, 11.9% in Florida, 15.6% in Maine, and 15.9% in New Hampshire) and in the mountain region (with 10.9% in Colorado and 11.0% in Arizona and New Mexico.)

The table below gives the vacancy percentage by states. These figures, of course, include rural as well as urban homes.

Ala. 4.8%	Maine 15.6%	Ohio 4.1%
Ariz. 11.0%	Md. 6.8%	Okla. 5.7%
Ark. 4.8%	Mass. 8.1%	Oreg. 8.6%
Calif. 8.5%	Mich. 8.0%	Pa. 3.8%
Colo. 10.9%	Minn. 5.0%	R. I. 7.9%
Conn. 8.2%	Miss. 3.9%	S. C. 5.2%
Del. 6.6%	Mo. 6.3%	S. Dak. 7.8%
Fla. 11.9%	Mont. 9.6%	Tenn. 3.6%
Ga. 5.5%	Nebr. 6.8%	Tex. 7.0%
Idaho 7.2%	Nev. 9.5%	Utah 5.3%
Ill. 3.8%	N. H. 15.9%	Vt. 13.1%
Ind. 4.3%	N. J. 10.0%	Va. 4.8%
Iowa 3.4%	N. M. 11.0%	Wash. 9.1%
Kans. 6.2%	N. Y. 9.1%	W. Va. 3.2%
Ky. 4.1%	N. C. 3.8%	Wis. 7.7%
La. 4.4%	N. D. 6.6%	Wyo. 9.7%



POPULATION & VACANCY IN PRINCIPAL METROPOLITAN AREAS

City	1940 Population	Total Units	% Va- cancy	City	1940 Population	Total Units	% Va- cancy	City	1940 Population	Total Units	% Va- cancy
A				B				C			
AKRON	243,130	67,697	2.0	ALBUQUERQUE	35,378	10,417	5.0	BRIDGEPORT	146,900	40,207	3.3
Barberton	23,667	6,323	1.5	ALLEN TOWN	96,827	25,958	2.6	Danbury	22,184	6,164	2.8
Cuyahoga Falls	20,874	5,876	2.0	Bethlehem	58,478	15,051	1.3	Shelton	10,929	2,898	8.0
Total	287,671	79,896	1.9	Easton	33,509	9,656	3.2	Stratford	22,184	6,207	3.8
ALBANY	130,447	40,336	5.9	Phillipsbg., N.J.	18,295	4,953	2.6	Total	202,197	55,476	3.5
Cohoes	21,947	6,138	2.5	Total	207,109	55,618	2.4	BUFFALO	575,150	157,712	3.7
Rensselaer	10,793	3,157	4.5	ALTOONA	80,071	21,727	1.9	Kenmore	18,527	5,521	3.1
Saratoga Spgs.	13,670	4,075	4.4	AMARILLO	51,497	14,280	3.9	Lackawanna	24,053	5,347	1.1
Schenectady	86,226	26,151	4.7	ATLANTA	302,538	84,522	3.2	Niagara Falls	77,374	20,919	2.8
Troy	70,117	20,197	5.9	Decatur	16,536	4,621	2.7	N. Tonawanda	20,213	5,255	1.6
Watervliet	16,097	4,408	3.5	East Point	12,369	3,274	1.8	Tonawanda	12,973	3,702	3.3
Total	349,297	104,462	2.9	La Grange	21,995	5,548	1.1	Total	728,290	198,456	3.4
ALBUQUERQUE	35,378	10,417	5.0	Total	353,438	97,965	3.0	C			
ATLANTIC CITY	63,787	22,217	19.4	ATLANTA	302,538	84,522	3.2	CAMBRIDGE	(See Boston)		
Pleasantville	11,017	3,099	15.0	Decatur	16,536	4,621	2.7	(See Boston)			
Total	74,804	25,316	19.2	East Point	12,369	3,274	1.8	CAMDEN	(See Phila.)		
AUGUSTA	65,945	18,158	4.5	La Grange	21,995	5,548	1.1	CANTON	108,337	29,627	1.4
AUSTIN	87,878	23,959	6.0	Total	353,438	97,965	3.0	Alliance	23,281	6,852	2.7
B				ATLANTA	302,538	84,522	3.2	Massillon	26,615	7,440	1.7
BALTIMORE	854,144	234,723	3.7	Decatur	16,536	4,621	2.7	Total	158,233	43,919	1.7
Annapolis	13,017	2,895	6.8	East Point	12,369	3,274	1.8	CEDAR RAPIDS	62,037	19,001	2.5
Total	867,161	237,618	3.8	La Grange	21,995	5,548	1.1	CHARLESTON, S.C.	70,869	21,051	3.1
BEAUMONT	58,912	16,115	5.7	Total	353,438	97,965	3.0	CHARLESTON, W. VA.	67,282	18,372	3.0
BINGHAMTON	78,242	21,770	5.5	ATLANTA	302,538	84,522	3.2	S. Charleston	10,324	2,732	1.7
Endicott	17,665	5,012	5.8	Decatur	16,536	4,621	2.7	Total	77,606	21,104	2.8
Johnson City	17,907	5,016	3.5	East Point	12,369	3,274	1.8	CHARLOTTE	100,327	25,006	1.7
Total	113,814	31,798	5.2	La Grange	21,995	5,548	1.1	CHATTANOOGA	128,138	34,351	2.6
BIRMINGHAM	264,151	73,162	2.4	Total	353,438	97,965	3.0	CHICAGO	3,384,556	987,271	3.9
Bessemer	22,743	6,317	1.5	ATLANTA	302,538	84,522	3.2	Berwyn	48,474	14,147	1.7
Fairfield	11,647	2,900	1.7	Decatur	16,536	4,621	2.7	Blue Island	16,419	4,406	1.5
Total	298,541	82,379	2.3	East Point	12,369	3,274	1.8	Brookfield	10,786	2,938	1.7
BOSTON	769,520	211,620	6.6	La Grange	21,995	5,548	1.1	Calumet City	12,735	3,440	1.1
Arlington	39,939	10,729	2.6	Total	353,438	97,965	3.0	Chicago Hts.	22,522	5,852	1.6
Belmont	26,825	7,012	2.9	ATLANTA	302,538	84,522	3.2	Cicero	64,438	18,172	1.3
Beverly	25,540	7,518	6.9	Decatur	16,536	4,621	2.7	Elmhurst	15,439	4,222	1.3
Braintree	16,260	4,457	4.1	East Point	12,369	3,274	1.8	Elmwood Park	13,679	3,740	3.4
Brockton	62,262	18,986	4.4	La Grange	21,995	5,548	1.1	Evanston	65,119	20,226	5.0
Brookline	49,278	13,385	6.0	Total	353,438	97,965	3.0	Forest Park	14,803	4,173	1.7
CAMBRIDGE	111,120	29,816	4.2	ATLANTA	302,538	84,522	3.2	Harvey	17,863	4,836	1.8
Chelsea	41,069	10,477	5.5	Decatur	16,536	4,621	2.7	Highland Park	14,353	3,804	3.8
Dedham	15,423	4,003	2.7	East Point	12,369	3,274	1.8	La Grange	10,416	2,855	2.4
Everett	46,788	12,141	2.2	La Grange	21,995	5,548	1.1	Maywood	26,583	7,350	1.7
Frammingham	23,276	5,758	2.5	Total	353,438	97,965	3.0	Melrose Park	10,914	2,716	1.0
Gloucester	23,877	7,830	19.8	ATLANTA	302,538	84,522	3.2	Oak Park	65,596	19,677	3.1
Lexington	13,133	14,594	4.9	Decatur	16,536	4,621	2.7	Park Ridge	12,023	2,977	1.6
Lynn	98,072	29,262	6.1	East Point	12,369	3,274	1.8	Waukegan	34,060	9,637	1.7
Malden	57,836	15,936	3.7	La Grange	21,995	5,548	1.1	Wilmette	16,972	4,356	4.1
Marblehead	10,853	3,932	17.2	Total	353,438	97,965	3.0	Winnetka	12,372	3,064	3.8
Medford	63,123	16,476	3.0	ATLANTA	302,538	84,522	3.2	(In Indiana)			
Melrose	25,258	7,123	3.2	Decatur	16,536	4,621	2.7	East Chicago	53,379	12,681	0.6
Milton	18,620	5,048	2.9	East Point	12,369	3,274	1.8	GARY	110,863	29,824	1.7
Natick	13,850	3,780	5.0	La Grange	21,995	5,548	1.1	Hammond	69,800	18,379	1.1
Needham	12,475	3,505	4.1	Total	353,438	97,965	3.0	Whiting	10,312	2,508	1.0
Newton	69,625	17,980	4.8	ATLANTA	302,538	84,522	3.2	Total	4,134,476	1,193,251	3.6
Norwood	15,269	3,936	2.4	Decatur	16,536	4,621	2.7	CINCINNATI	452,852	143,777	5.8
Peabody	21,702	5,689	3.4	East Point	12,369	3,274	1.8	Norwood	33,947	10,132	3.0
Quincy	76,605	21,679	6.3	La Grange	21,995	5,548	1.1	Covington, Ky.	62,014	18,844	4.4
Reading	10,861	3,039	4.7	Total	353,438	97,965	3.0	Total	548,813	172,753	5.5
Revere	34,376	9,214	7.9	ATLANTA	302,538	84,522	3.2				

POPULATION & VACANCY IN PRINCIPAL METROPOLITAN AREAS

City	1940 Population	Total Units	% Va- cancy	City	1940 Population	Total Units	% Va- cancy	City	1940 Population	Total Units	% Va- cancy
GREENSBORO	58,786	14,880	2.6	LOWELL	101,331	25,325	2.5	NEW YORK CITY (continued)			
- H -				Andover	11,077	2,806	4.4	Bloomfield	41,636	11,775	2.7
HAMILTON, O.	50,632	14,548	2.6	Haverhill	47,323	13,584	4.9	Clifton	48,840	13,367	1.7
HARRISBURG	83,878	24,461	2.7	Lawrence	85,049	22,531	3.2	Dover	10,462	2,844	1.3
Steelton	13,110	3,112	1.8	Methuen	21,703	5,595	4.5	East Orange	68,589	21,632	5.6
Total	96,988	27,573	2.6	Newburyport	13,801	3,820	0.5	ELIZABETH	109,396	28,935	3.5
HARTFORD	166,329	44,889	1.6	Total	280,284	73,661	3.3	Englewood	18,736	5,290	4.9
Bristol	30,103	7,742	1.2	- M -				Garfield	27,988	7,250	1.5
E. Hartford	18,604	4,881	1.3	MACON	57,793	17,099	2.3	Hackensack	26,228	7,067	4.1
New Britain	68,581	17,332	0.6	MADISON	66,802	19,866	3.4	Harrison	14,116	3,526	1.7
W. Hartford	33,744	9,160	2.9	MANCHESTER, N.H.	77,625	22,191	5.2	Hillside	18,524	4,850	2.4
Total	317,361	84,004	1.5	MEMPHIS	291,312	82,187	2.6	Hoboken	49,603	16,387	17.4
HOUSTON	386,150	112,012	5.0	MIAMI	170,877	54,904	12.1	Irvington	54,955	16,333	2.5
HUNTINGTON, W. VA.	78,781	21,426	2.5	Fort Lauderdale	17,643	6,998	25.1	JERSEY CITY	301,012	84,592	6.0
Ashland, Ky.	29,526	7,644	3.1	Miami Beach	27,340	12,426	36.2	Kearny	38,815	10,838	3.4
Ironton, O.	15,840	4,415	3.6	Total	215,860	74,328	17.4	Linden	23,927	6,088	1.7
Total	124,147	33,485	2.8	MILWAUKEE	589,558	169,754	3.1	Lodi	11,545	2,743	1.6
- I -				Cudahy	10,550	2,653	1.7	Long Branch	17,382	5,910	20.4
INDIANAPOLIS	386,170	115,564	3.7	Shorewood	15,085	4,513	3.7	Lyndhurst Twp.	17,410	4,586	2.6
- J -				S. Milwaukee	11,115	2,892	2.1	Maplewood	22,631	6,135	2.4
JACKSON	61,965	16,625	1.2	Waukesha	19,205	5,042	2.3	Montclair	38,543	10,600	4.2
JACKSONVILLE	174,336	47,038	3.3	Wauwatosa	26,701	7,408	2.7	Morristown	15,214	4,188	4.3
JOHNSTOWN	66,610	16,575	1.0	West Allis	36,146	9,693	1.3	Neptune Twp.	10,165	4,522	35.5
JERSEY CITY	(See N.Y. City)			Total	708,360	201,955	3.0	NEWARK	428,236	116,423	3.8
- K -				MINNEAPOLIS &	489,971	146,727	3.2	New Brunswick	33,165	8,807	1.6
KANSAS CITY, MO.	400,175	131,871	8.2	SAINT PAUL	288,023	83,246	3.2	N. Plainfield	10,558	3,067	3.0
Independence	16,037	4,884	2.7	S. St. Paul	11,853	3,104	1.2	Nutley	21,963	5,815	3.5
KANSAS CITY,				Total	789,847	233,077	3.2	Orange	35,449	9,809	5.2
KANS.	121,258	35,263	3.2	MOBILE	78,324	21,112	2.7	Passaic	61,341	16,468	2.7
Total	537,470	172,018	7.0	MONTGOMERY	78,008	22,125	1.3	PATERSON	139,651	39,959	3.2
- L -				- N -				Perth Amboy	41,071	10,356	1.0
KNOXVILLE	112,002	29,796	3.3	NASHVILLE	167,415	47,431	3.6	Plainfield	37,350	10,245	4.0
LANCASTER	61,284	17,335	2.2	NEWARK	(See N.Y. City)			Rahway	17,579	4,748	2.0
LANSING	78,479	23,232	3.4	NEW BEDFORD	(See Providence)			Red Bank	10,965	3,120	4.9
LINCOLN	81,846	25,828	5.0	NEW HAVEN	160,257	44,092	3.8	Ridgefield Pk.	11,238	3,349	4.3
LITTLE ROCK	88,129	25,554	3.2	Ansonia	19,176	5,078	2.3	Ridgewood	14,850	4,410	5.5
N. Little Rock	21,132	5,984	1.7	Derby	10,264	2,677	3.3	Roselle	13,542	3,668	3.8
Total	109,261	31,538	2.9	Wallingford	11,411	3,185	1.9	Rutherford	15,498	4,593	4.4
LONG BEACH	(See Los Angeles)			Total	201,108	55,032	3.5	South River	10,702	2,577	1.5
LOS ANGELES	1,496,792	525,529	6.6	NEW ORLEANS	492,282	137,630	3.5	Summit	16,007	4,408	6.4
Alhambra	38,820	13,293	4.1	NEW YORK CITY	7,380,259	2,221,237	7.6	Teaneck Twp.	25,130	7,338	6.4
Anaheim	11,020	3,634	7.3	BRONX	1,385,777	396,001	4.3	Union City	55,947	17,578	4.6
Bell	11,135	3,490	3.5	BROOKLYN	2,660,479	758,149	6.1	Weehawken	14,324	4,419	5.6
Beverly Hills	26,346	9,171	9.2	MANHATTAN	1,871,474	614,314	11.1	Westfield	18,201	5,078	5.4
Burbank	34,090	11,018	4.3	QUEENS	1,291,314	403,713	7.9	W. New York	39,426	11,802	3.7
Compton	15,892	5,067	4.1	RICHMOND	171,215	49,060	12.0	West Orange	25,501	6,714	2.5
Fullerton	11,404	3,518	6.3	(In N.Y. State)				Total	10,179,210	3,003,529	6.9
Glendale	81,744	27,355	4.5	Floral Park	12,698	3,803	3.4	NORFOLK	143,275	38,898	3.4
Huntington Pk.	28,222	9,952	4.6	Freeport	20,369	6,434	9.5	Newport News	36,933	9,855	2.6
Inglewood	29,813	9,756	3.9	Garden City	11,225	3,069	6.0	Portsmouth	50,687	13,627	2.8
LONG BEACH	163,441	64,857	10.2	Glen Cove	12,401	3,187	6.3	Total	230,895	62,380	3.2
Lynwood	10,950	3,421	3.3	Lynbrook	14,604	4,333	5.7	- O -			
Maywood	10,683	3,533	3.8	Mamaroneck	13,012	3,663	7.8	OAKLAND	(See San Francisco)		
Monrovia	12,784	4,389	6.0	Mineola	10,106	2,752	3.5	OKLAHOMA CITY	204,517	64,319	7.8
Ontario	14,163	4,459	5.1	Mount Vernon	67,120	19,399	6.2	OMAHA	223,185	65,636	5.4
Pasadena	81,566	29,098	6.1	New Rochelle	57,415	15,297	5.9	Council Bluffs,			
Pomona	23,472	7,884	5.1	Ossining	15,976	4,353	5.5	La.	41,443	12,189	4.0
Redondo Beach	13,246	4,890	10.5	Peekskill	17,289	4,736	5.8	Total	264,628	77,825	5.2
San Gabriel	11,842	3,528	3.9	Port Chester	23,074	6,084	3.7	- P -			
Santa Monica	52,828	19,319	7.3	Rockville Ctr.	18,467	5,214	6.0	PATERSON	(See N. Y. City)		
South Gate	26,860	8,427	2.8	Valley Stream	16,978	4,876	5.1	PEORIA	105,003	30,925	2.4
South Pasadena	14,264	5,038	5.3	White Plains	40,116	11,087	6.0	PHILADELPHIA	1,935,086	532,631	4.8
Whittier	16,051	5,506	3.7	YONKERS	142,404	40,686	5.3	(In Pennsylvania)			
Total	2,237,428	786,132	6.6	(In Connecticut)				Abington Twp.	20,841	5,300	5.3
LOUISVILLE	318,713	94,223	4.4	Norwalk	39,505	11,605	6.4	Bristol	11,894	2,844	2.2
Jeffersonville,				Stamford	51,018	12,721	3.8	Chester	59,278	15,314	3.1
Ind.	11,495	3,531	5.9	(In New Jersey)				Conshohocken	10,721	2,492	1.4
Total	330,208	97,754	4.5	Asbury Park	14,537	4,772	16.1	Darby	10,411	2,524	1.8
				Bayonne	78,905	19,678	2.8	Haverford Twp.	27,577	7,770	4.7
				Belleville	28,059	7,370	2.2	Lansdowne	10,770	3,328	6.2
				Bergenfield	10,262	2,964	3.3	Lower Merion Twp.	39,296	10,204	6.3
								Norristown	37,924	8,557	1.7
								Phoenixville	12,264	3,007	2.4
								Upper Darby	56,832	17,035	5.5
								(In New Jersey)			
								Burlington	10,865	2,843	4.4
								CAMDEN	117,777	31,421	2.9
								Total	2,361,536	651,284	4.6

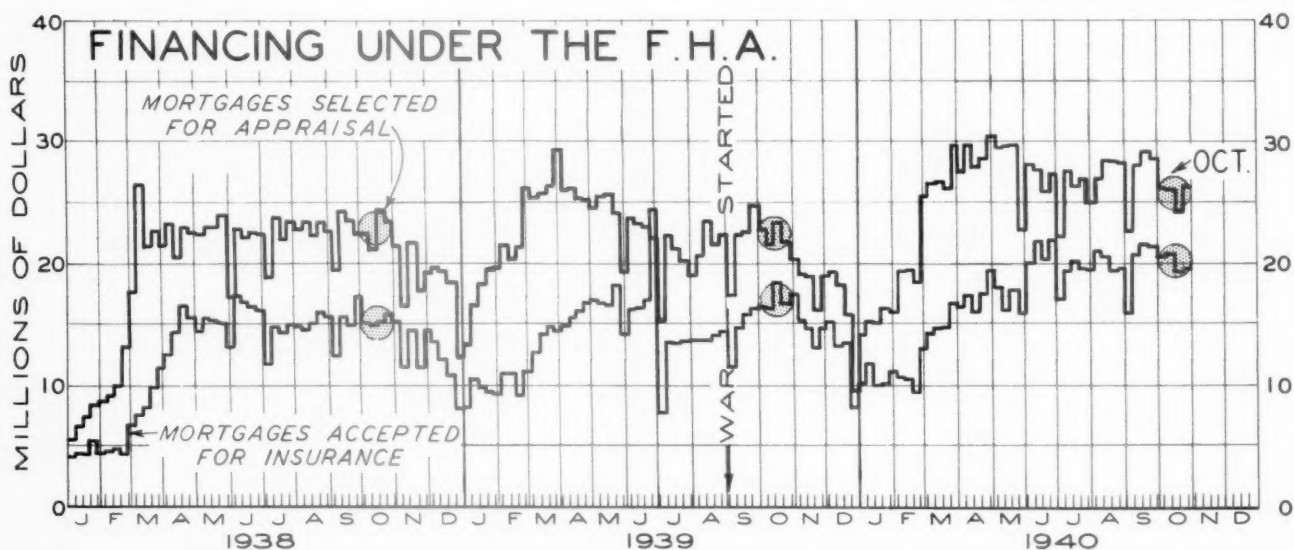
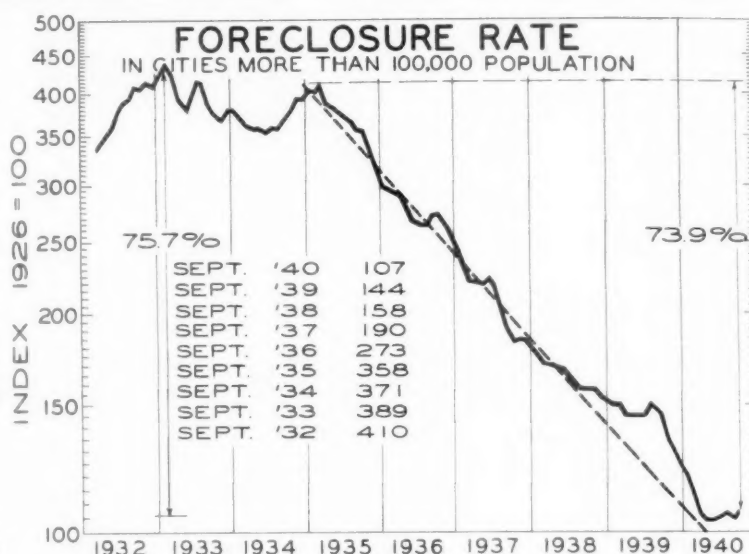
POPULATION & VACANCY IN PRINCIPAL METROPOLITAN AREAS

City	1940 Population	Total Units	% Va- cancy	City	1940 Population	Total Units	% Va- cancy	City	1940 Population	Total Units	% Va- cancy
PHOENIX	65,434	20,453	6.9	SAINT LOUIS (continued)				TERRE HAUTE	62,546	20,295	3.4
PITTSBURGH	665,384	179,889	2.6	University City	32,863	9,579	6.1	TOLEDO	281,096	82,385	3.9
Ambridge	19,052	4,359	0.9	Webster Groves	18,328	4,953	3.4	TOPEKA	67,654	21,617	5.4
Arnold	10,898	2,739	0.9	(In Illinois)				TRENTON	124,685	30,273	2.2
Bellevue	10,442	3,102	4.0	Alton	31,197	8,632	1.5	TULSA	141,750	43,837	5.9
Braddock	18,317	4,492	1.5	Belleville	28,350	8,782	2.4	Sapulpa	12,235	3,708	3.4
Canonsburg	12,501	2,903	0.9	E. Saint Louis	75,469	21,770	2.3	Total	153,985	47,545	5.7
Charleston	10,707	2,962	1.3	Granite City	22,954	6,425	1.5	-U-			
Clairton	16,337	4,048	4.1	Total	1,085,975	329,722	5.9	UTICA	100,534	28,170	4.3
Coraopolis	11,112	2,813	1.1	SAINT PAUL				-W-			
Donora	13,194	3,238	0.7	(See Minneapolis-Saint Paul)				WASHINGTON, D.C.	663,153	182,078	6.1
Dormont	12,848	3,883	3.0	SALT LAKE CITY	150,019	43,156	3.8	Alexandria, Va.	33,800	9,275	4.2
Duquesne	20,661	4,907	0.6	SAN ANTONIO	253,143	69,494	5.7	Total	696,953	191,353	6.0
Homestead	19,032	4,758	0.7	SAN DIEGO	202,038	68,824	7.2	WATERBURY	99,158	25,519	2.3
Indiana	10,036	2,858	1.2	National City	10,204	3,165	4.1	Naugatuck	15,372	4,254	1.9
Jeanette	16,313	4,188	0.7	Total	212,242	71,989	7.1	Total	114,530	29,773	2.2
McKeesport	55,460	14,496	1.0	SAN FRANCISCO	629,553	222,301	7.1	WATERLOO, IA.	51,614	15,145	1.5
McKees Rocks	16,952	4,329	2.2	Alameda	35,133	12,108	4.1	WHEELING	61,007	17,074	2.0
Monessen	20,223	5,052	1.3	Albany	11,420	3,654	3.1	Martins Py., O.	14,366	4,058	0.8
Mt. Lebanon Twp.	19,412	5,710	4.6	Berkeley	84,827	29,541	5.4	Total	75,373	21,132	1.8
Munhall	13,729	3,591	0.4	Burlingame	15,897	5,308	4.5	WICHITA	113,540	36,367	4.5
New Kensington	23,984	6,312	0.9	OAKLAND	304,909	104,964	7.2	WILMINGTON	112,504	30,131	2.8
North Braddock	15,723	3,908	0.8	Palo Alto	16,728	5,988	7.9	Bellefonte	2,593	770	1.2
Swissvale	15,901	4,428	1.8	Redwood City	12,322	4,020	6.4	Newark	4,502	1,236	2.7
Washington	26,078	7,095	1.8	Richmond	22,707	7,498	3.4	New Castle	4,414	1,096	1.8
Wilkinsburg	29,756	9,005	3.3	San Leandro	13,656	4,517	4.1	Total	124,013	33,233	2.7
Total	1,104,052	295,065	2.2	San Mateo	19,367	6,150	5.7	WINSTON-SALEM	79,828	21,309	5.1
PORTLAND, ME.	73,464	22,367	12.2	Vallejo	19,803	6,090	2.8	WORCESTER	193,402	49,612	2.0
PORTLAND, OREG.	307,572	108,119	6.0	Total	1,186,322	412,139	6.7	Gardner	20,203	5,895	1.6
PROVIDENCE	253,504	69,746	3.2	SAN JOSE	68,298	22,956	5.4	Leominster	22,193	6,012	3.2
(In Rhode I.)				SAVANNAH	95,271	27,180	3.1	Marlborough	15,056	4,058	3.2
Barrington	6,231	2,179	26.1	SCRANTON	140,393	36,342	1.9	Northbridge	10,243	2,518	0.6
Bristol	11,159	3,384	17.8	Kingston	20,292	5,540	2.7	Southbridge	16,807	3,532	2.5
Central Falls	25,248	6,663	2.2	Plymouth	15,550	3,696	0.9	Total	277,904	71,627	2.1
Cranston	47,085	11,610	3.1	Wilkes-Barre	86,130	20,945	2.5	-Y-			
Cumberland	10,625	2,930	6.7	Total	262,365	66,523	2.1	YONKERS			
E. Greenwich	3,842	1,043	2.7	SEATTLE	366,847	132,911	6.4	(See N. Y. City)			
E. Providence	32,165	8,898	5.0	Bremerton	15,076	5,193	4.9	YORK	56,666	16,275	2.5
Johnston	10,672	2,710	2.2	Total	381,923	138,104	6.3	YOUNGSTOWN	167,426	42,129	2.4
Lincoln	10,577	2,861	2.3	SHREVEPORT	97,964	28,131	4.0	Campbell	13,777	3,077	1.8
Newport	30,532	8,317	7.5	SIoux CITY	82,385	23,809	4.1	Sharon, Pa.	25,324	6,619	1.3
N. Providence	12,156	3,178	2.5	SOMERVILLE				Struthers	11,786	2,536	0.7
Pawtucket	75,797	21,319	2.4	(See Boston)				Warren	42,413	11,224	0.7
Warren	8,158	2,361	11.3	SOUTH BEND	101,410	28,686	2.1	Total	260,726	65,585	1.9
Warwick	28,757	10,265	23.9	Mishawaka	28,286	8,115	1.8				
W. Warwick	18,188	4,519	1.8	Total	129,696	36,801	2.1				
Woonsocket	49,303	13,403	2.7	SPOKANE	122,462	42,230	7.9				
(In Massachusetts)				SPRINGFIELD, ILL.	75,393	21,998	2.0				
Attleboro	22,054	6,143	2.3	SPRINGFIELD, MASS.	148,989	42,308	4.7				
Fairhaven	10,964	2,992	3.3	Chicopee	41,575	10,428	3.4				
FALL RIVER	115,567	30,235	1.5	Easthampton	10,319	2,704	2.6				
NEW BEDFORD	110,296	31,107	3.1	Holyoke	53,569	14,982	3.1				
N. Attleboro	10,735	3,170	7.6	Northampton	24,750	6,066	5.2				
Total	903,615	249,033	3.6	Westfield	18,810	5,245	4.5				
FUEBLO	68,883	14,290	2.4	W. Springfield	17,119	4,702	3.2				
-R-				Total	315,131	86,435	4.1				
RACINE	67,159	18,831	2.9	SPRINGFIELD, MO.	61,026	19,414	3.8				
Kenosha	48,464	13,335	2.9	SPRINGFIELD, O.	70,712	20,688	2.9				
Total	115,623	32,166	2.9	STOCKTON	54,513	15,591	4.7				
READING	110,704	30,586	2.6	SYRACUSE	205,637	59,334	4.2				
RICHMOND	190,341	52,496	2.9	-T-							
ROANOKE	69,167	18,524	2.6	TACOMA	107,520	38,242	5.3				
ROCHESTER	324,694	83,060	5.3	TAMPA	107,674	31,133	4.4				
ROCKFORD	84,467	25,077	1.1	St. Petersburg	59,178	28,128	28.7				
SACRAMENTO	105,748	33,794	5.0	Total	166,852	59,261	15.9				
SAGINAW	82,697	23,104	3.0								
SAINT JOSEPH	75,642	23,278	6.7								
SAINT LOUIS	813,748	251,242	6.7								
(In Missouri)											
Clayton	13,872	3,995	7.8								
Kirkwood	12,807	3,481	4.9								
Maplewood	12,833	3,845	4.3								
Richmond Hts.	12,747	3,956	10.5								
Saint Charles	10,807	3,052	1.1								

URBAN foreclosures for September 1940, on a seasonally adjusted basis, showed a slight increase over August.

Since the early spring of this year there has been practically no change in the foreclosure rate. This is due largely to the fact that foreclosures have now reached so low a level that drops comparable to those of a year ago are no longer possible.

This chart is computed from basic figures that are gathered by the Home Owners' Loan Corporation from all cities of more than one hundred thousand population in the United States.



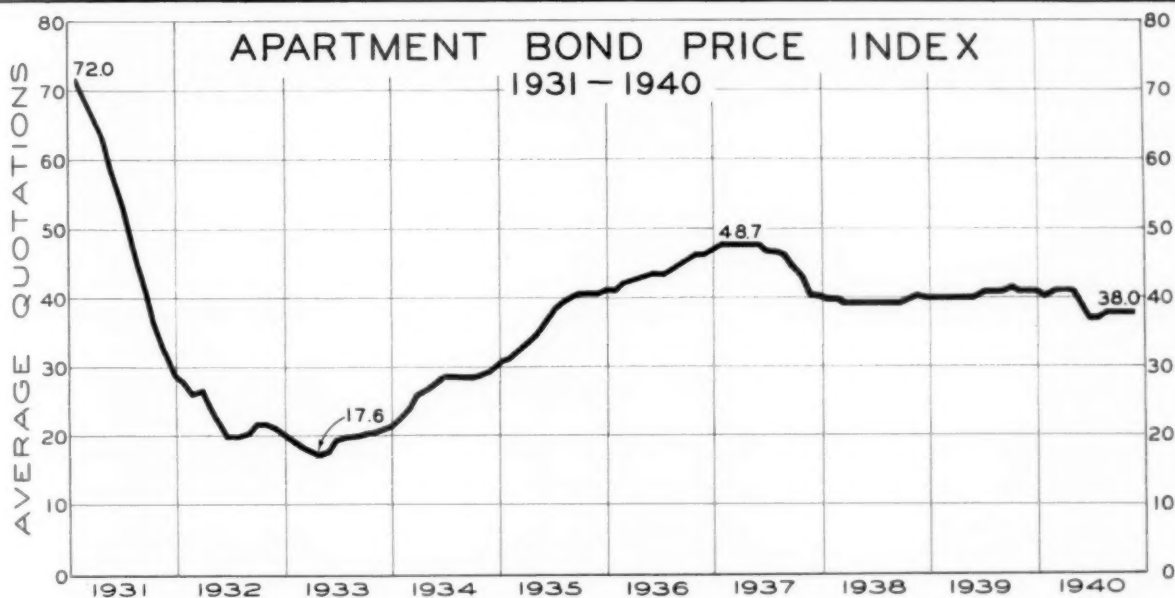
MORTGAGES selected for appraisal and accepted for insurance by the FHA in October declined from the September level by a more than seasonal amount. It may be that the increases in construction cost are beginning to prove somewhat of a deterrent to new residential building. In our opinion, however, we do not think these increases will prove a major obstacle until some time next year.

MORTGAGES SELECTED FOR APPRAISAL COMPARED WITH YEAR AGO

1939			1940									
Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
+2%	-4%	-13%	-9%	-2%	-6%	+21%	+18%	+11%	+42%	+24%	+27%	+16%

MORTGAGES ACCEPTED FOR INSURANCE COMPARED WITH YEAR AGO

+13%	+2%	+5%	+15%	+9%	+1%	+18%	+9%	+2%	+67%	+58%	+37%	+19%
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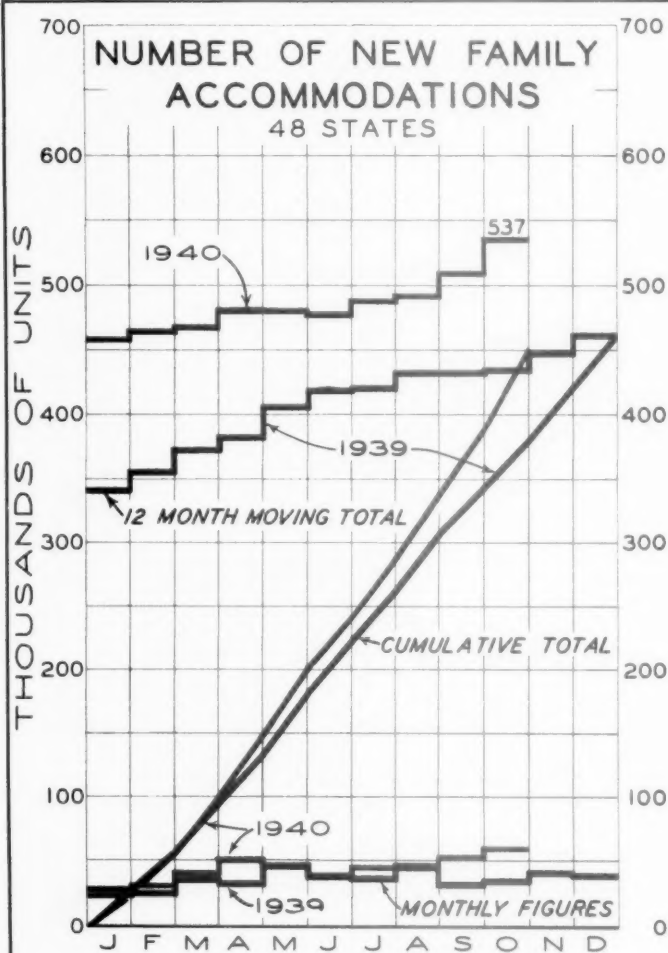
THE index of prices of apartment house bonds for November 1940 remained at the same level maintained since July. The bonds used in preparing this index and the statistical methods employed in its preparation are described in detail in our Bond Bulletin published August 14, 1940. A copy of this bulletin will be sent to any subscriber on request.

POPULATION & VACANCY IN METROPOLITAN AREAS (CONTINUED)

60% or more of the cities reported no change. By 1937, 75% of the cities reported an increase in commercial rents in the central districts; 55%, an increase in commercial rents in the outlying districts; 40%, an increase in office rents in the central districts; and 28%, an increase in office rents in the outlying districts. Since 1937 the vast majority of cities report no change for commercial and office rents in both the central and outlying districts. It would seem that commercial rents in the central districts have shown the greatest recovery and office rents in the outlying districts the least recovery. This applies to the extent of recovery throughout the country, if it does not apply to the amount of recovery in dollars.

For many years the claim has been made that decentralization built up the outlying districts at the expense of the central districts; that the number of persons entering the downtown districts to shop has declined and that, therefore, the volume of business done and the commercial rents paid have shrunk accordingly. The claim has also been made that the users of office space in the central districts were moving to quarters in the outlying sections and that office buildings were faced in many instances with a substantial loss from permanent vacancy.

While it is true that decentralization of downtown business districts is a major problem still to be solved, it would appear from a study of these four rent charts, that its effect is not as serious as at first thought. In all growing cities an increasing percentage of the population is finding it more convenient and profitable to shop in outlying sections, closer to home. This has slowed down the growth of central business districts to a rate that is much below the rate of population growth. Except in some cities, where other factors have hindered expansion, central business districts are experiencing better occupancies of commercial and office space, with increasing rents from both.



NEW BUILDING

THE chart to the left shows the number of new family accommodations build during 1939 and 1940 in all non-farm communities of the forty-eight states and the District of Columbia. 1939 is shown in red, 1940 in black. The bottom lines show the monthly figures uncorrected for seasonal influences; the inclined lines, the cumulative totals from the first of the year; and the top lines, the twelve months' moving totals; viz., each point on the top lines represents the totals for the preceding twelve months. These top lines show trends.

DWELLING UNITS CONSTRUCTED IN 48 STATES
(in thousands of units)

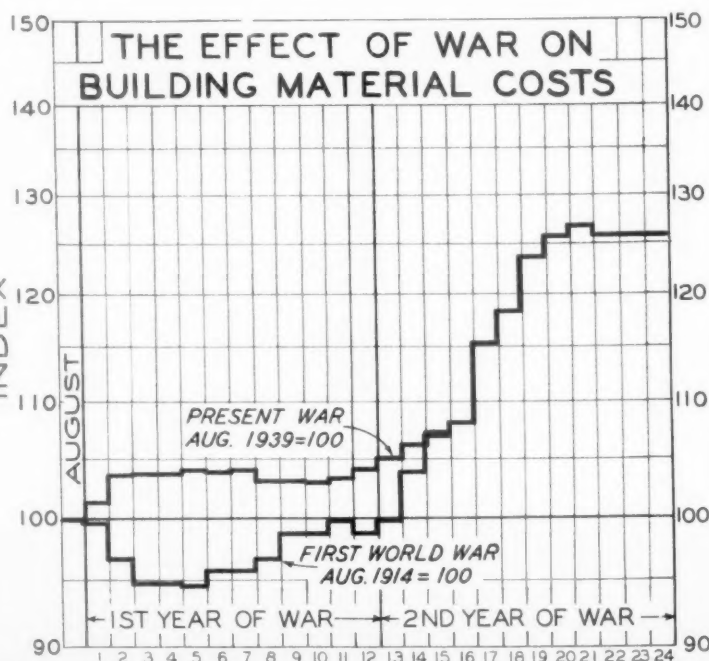
	Monthly		Cumulative		12 Month Moving Total	
	1939	1940	1939	1940	1939	1940
January	30.1	25.7	30.1	25.7	345	461
February	29.2	33.7	59.3	59.4	359	465
March	39.4	42.0	98.7	101.4	375	468
April	36.6	51.1	135.3	152.5	386	482
May	49.6	49.1	184.9	201.6	409	482
June	40.6	38.8	225.5	240.4	422	480
July	38.1	48.9	263.6	289.3	423	491
August	46.2	49.4	309.8	338.7	435	494
September	35.7	53.0	345.5	391.7	435	511
October	36.1	62.4	381.6	454.1	439	537
November	42.5		424.1		450	
December	40.9		465.0		465	

THE chart at the lower right shows a comparison of the behavior of wholesale building material prices on the index of the Bureau of Labor Statistics for the first two years of the first World War and the first sixteen months of the present war.

In the first World War the major increases in material prices started in the fourteenth month of the war. From then on the increases were fairly consistent, reaching a peak of 314 on our index in April 1920, 68 months after the beginning of the war. This, of course, is far beyond and above the period shown in this two-year chart.

The problem is, of course, the determination of the probable direction of prices in the period ahead. Will they follow the experience of twenty-five years ago, or can they be controlled by the government.

There are many elements in this picture. Our opinion is, however, that building costs will continue to increase.





EXECUTIVE DIGEST

OF THE CURRENT REAL ESTATE ANALYST REPORTS

NOVEMBER 27
1940

REAL ESTATE ANALYSTS, INC.

Real Estate Economists, Appraisers and Counselors

Roy Wenzlick
Editor

VOLUME IX

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THE most important real estate development of the month was the continued increase in construction costs. Actual building costs during the past four months have advanced faster than they did in the comparable period of the last World War. It was the rapid rise in construction costs from 1915-1920 which was primarily responsible for the real estate boom of the twenties.

These increases in cost will eventually prove deterrents in building. FHA volume for October showed a drop greater than seasonal from the September level, which may be due to this price hurdle. This will be reflected in November and December private building.

The figures are now available for residential building in October for the forty-eight states and the District of Columbia; 62,400 dwelling units set a new recovery high. In the last twelve months we have built 537,000 units - which is also a recovery high. Defense housing, added to the private demand, will swell these totals still further before the end of the year, in spite of rising costs.

The new federal census figures on the number of households in the United States show that the family is still shrinking in size. Its average number of persons, as shown by each census enumeration, has been:

1850 - 6.45	1900 - 4.60
1860 - 6.04	1910 - 4.54
1870 - 5.09	1920 - 4.34
1880 - 5.04	1930 - 4.10
1890 - 4.96	1940 - 3.80

The significance of this from the standpoint of real estate lies in the fact that 1000 persons now form 263 households, while in 1850 they formed only 155. It now takes 70% more family accommodations to house a thousand people than it did in 1850; it takes 7.8% more than it did in 1930.

Office building vacancy in the principal cities of the United States as of October 1 was lower than it has been any time since January 1931. Office building vacancy was at its peak in January 1934, with an average percentage of 27.6 vacant. However, each survey taken since that time by the National Association of Building Owners and Managers has shown a decrease. The survey of October 1 was the seventeenth successive survey showing a decrease over the preceding one. (The October figure was 16.7%.) The rearmament program should cause a still more rapid absorption in the next few years.